

costs of the programs are calculated. An adjustment was needed to provide a more accurate comparison of the costs of the two programs.

But the special rule prescribed in the Republican budget is not an honest adjustment—it is a rule designed to put the Direct Student Loan Program at a disadvantage when the costs are compared.

Under that rule, all Federal administrative costs related to specific loans in the Direct Lending Program are included in the cost of direct lending. These costs include default management, collection of loans, oversight, and printing and processing loan forms. These same costs, however, are not included in the new CBO estimate of the cost of guaranteed loans.

In addition, one of the major costs of guaranteed loans as compared to direct loans—administrative payments to guaranty agencies amounting to \$175 million per year—is also excluded from the new CBO estimates of guaranteed loan costs.

In other words, the special rule adopted in the Republican budget resolution is a flagrant attempt to stack the deck in favor of guaranteed loans. I do not blame CBO for this slant. CBO is simply providing estimates required by the rule devised by the Republican majority. I do not know whether this devious rule was adopted innocently at the instigation of lobbyists for the Guaranteed Loan Program, or whether it was adopted intentionally in order to slant the estimates. But I do know that the rule must be changed, so that a fair comparison can be made between the two programs.

If the figures are adjusted honestly, the Direct Loan Program is still much cheaper to administer than the Guaranteed Loan Program and still brings substantial savings to students and taxpayers.

According to preliminary estimates I have obtained from the Office of Management and Budget, under a fair rule, the savings from direct lending are cut in half, but direct loans are still 20 percent cheaper than guaranteed loans. If direct lending is eliminated entirely, it will not save \$1.5 billion over the next 7 years, as Congressmen GOODLING and KASICH claim. Instead it will cost the taxpayer \$1.5 to \$2 billion over that period.

I have asked the Department of Education and OMB to work with CBO to provide a fair estimate in time for the battle in Congress in September between direct loans and guaranteed loans. But the bottom line already seems clear. Direct loans save money compared to guaranteed loans, and are a major benefit to colleges and students.

In addition, included in the alleged Republican savings of \$1.5 billion from the repeal of direct lending are excessive cuts in management and oversight functions for both the Guaranteed Loan Program and the Direct Loan Program. If enacted, these cuts would

seriously strain the ability of the Department of Education to manage student loans—whether direct loans or guaranteed loans. Ultimately, the taxpayer will pay—in the form of increased loan defaults, and increased fraud and abuse by unscrupulous institutions. Preliminary estimates based on studies by the congressional General Accounting Office and the Inspector General of the Department of Education suggest that these oversight and management cuts could cost the taxpayer up to \$4 billion over 7 years in increased defaults, fraud, and abuse.

Finally, in order to prepare its estimates under the special budget rule, CBO had to recalculate overall Federal spending to reflect \$6 billion in additional costs assigned to direct lending for the period 1996 to 2002. In other words, for the banks and guaranty agencies to get their way, the Republican majority had to quietly add \$6 billion to the Federal deficit for the next 7 years. This fact goes unmentioned in the distorted analysis used by Congressmen GOODLING and KASICH to compare direct lending and guaranteed loans. In their zeal to repeal the Direct Loan Program, they are willing to accept a \$6 billion addition to the Federal deficit.

I intend to do all I can to see that Congress rejects this unseemly Republican assault on direct lending. If the assault succeeds, it will result in higher up-front fees for student loans and higher interest rates on the loans. Repayment conditions for students will be harsher. The debts of individual students will go up. Students and colleges will once again be forced to endure excessive redtape. Colleges will have to wait for tuition payments well into the semester while students try to obtain loans from various lenders.

Under direct lending, students and colleges are the clear winners. Under this misguided Republican attack, banks and guaranty agencies will win—and colleges and students will lose. It is unconscionable for the Republican majority to make the widely respected CBO an accomplice in this scheme by cooking the budget numbers. This attempted giveaway to banks and guaranty agencies is corporate welfare of the worst kind, and it ought to be soundly repudiated by Congress.

Mr. President, I ask unanimous consent that two graphs be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WHAT'S FAIR AND WHAT'S UNFAIR ABOUT THE  
REPUBLICAN SPECIAL RULE FOR COMPARING  
COSTS OF DIRECT LOANS VERSUS GUARAN-  
TEED LOANS

#### FAIR

To calculate Direct Loan costs on the same basis as Guaranteed Loans.

#### UNFAIR

To include Federal administrative costs for specific loans in cost of Direct Loans and not in cost of Guaranteed Loans.

To exclude from cost of Guaranteed Loans Federal payments to guaranty agencies.

#### RESULT

Direct Loans appear more expensive than Guaranteed Loans, when in fact they are 20 percent less expensive.

#### WHO WINS ON PROPOSAL TO ELIMINATE DIRECT LENDING?

Republican claim: \$1.5 billion savings over 7 years.

True cost to taxpayers over 7 years: \$1.5 to \$2 billion cost using fair budget rule; up to \$4 billion cost in increased defaults, fraud, and abuse from cuts in oversight and management of guaranteed loan program; \$6 billion cost from increase to deficit caused by special budget rule.

#### A MESSAGE TO CROATIA

Mr. PELL. Mr. President, I wish to encourage President Clinton to ensure that Croatia's recent military offensive in Krajina will not result in wide scale human rights violations or lead to a wider war.

At first glance, it may appear counterintuitive to criticize Croatia for its victory over the Serbs, who it is generally agreed, were the original aggressors. "Finally," it is natural to think, "someone is willing to stand up to the Serbs." While I am in no way questioning Croatia's legitimate right to the nearly one third of its territory that had been controlled by the Serbs, I do believe we need to look a bit deeper.

While I sympathize completely with Croatia's now fulfilled desire to recover its territory, I am deeply concerned and disappointed by Croatia's military foray into Krajina. Croatia eschewed diplomacy and pursued a military campaign instead of diplomatic negotiations which had a good chance of success. In so doing, the Croatian Army has apparently in some cases, abused civilians as well as U.N. personnel. This much is for certain: Croatia has unleashed the largest single refugee flow in the 4-year-old conflicts in former Yugoslavia.

I am equally concerned about what comes next. What will happen to the tens of thousands of newly created refugees? How will Croatia treat the civilians left behind? How solid is Croatia's commitment to its Bosnian allies? What are Croatia's intentions with regard to an overall peaceful settlement? I believe that we should make clear to Croatia that we expect their actions in these areas to be transparent, forthcoming, and respectful of human rights.

We do, after all, have significant leverage. Croatia's leaders want to integrate Croatia into the rest of Europe. They want to rebuild the parts of Croatia damaged by the war and to see Croatia thrive economically. That, of course, will require a good deal of international support. I believe that we should make it clear to Croatia's leaders that if they wish to achieve these goals, they will have to take on certain responsibilities. They will have to

prove that Croatia is a country that respects the human rights of all people living in Croatia; that Croatia lives up to its international commitments, particularly the Washington Agreement of March 1994; and that Croatia is committed to a peaceful solution to both the Bosnian and Croatian conflicts.

I agree with President Clinton that the Croatian victory could provide a window of opportunity to resolve the Bosnian and Croat conflicts diplomatically. Whether or not that occurs, however, will depend to a very large part on Croatia. Accordingly, we must let Croatia know what we expect.

#### BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, as of the close of business yesterday, Thursday 10, the Federal debt stood at \$4,943,017,430,508.20. On a per capita basis, every man, woman, and child in America owes \$18,763.78 as his or her share of that debt.

#### CLINTON ADMINISTRATION CONTINUES FOREIGN AID TO NICARAGUAN CONFISCATORS

Mr. HELMS. Mr. President, on July 26, Secretary of State Christopher waived the prohibition on United States foreign aid to the Nicaraguan Government—on what he called national interest grounds—even though the Nicaraguan Government has failed to resolve the claims of properties stolen from Americans. Nicaragua has not resolved even one-third of the cases involving confiscation of properties owned by American citizens.

In order to comply with United States law, the Government of Nicaragua has four options: First, it can return the properties to the rightful owners, second, compensate the owners, third, develop a viable process to resolve claims, or fourth, submit cases to international arbitration. Despite this considerable statutory latitude, the Nicaraguan Government has nonetheless failed miserably in meeting the criterion required by United States law before any United States aid can properly be provided.

Since November 1994, following elections in which the Democrats lost control of both the United States House and the United States Senate, the Nicaraguan Government did pick up a bit of occasional speed and resolved in 6 months twice as many cases as were resolved in the previous 4 years, proving that the problem is not the Nicaraguan Government's inability to resolve these cases and thereby comply with United States law; no, it is the Nicaraguan regime's unwillingness to do so.

This is a problem of political will. So the Nicaraguans prevailed upon the Clinton administration to bail them out. Secretary of State Christopher dutifully complied so that United States foreign aid would continue to flow to the Chamorro regime which is still largely under the control of the Com-

munist Sandinistas who brought ruin to Nicaragua while they were in control of the government in Managua.

Thus Secretary Christopher and the Clinton administration rewarded Nicaragua, claiming that foreign aid to that country is in the United States national interest.

Mr. President, I have received scores of letters from American citizens whose properties in Nicaragua were confiscated by the Sandinistas. These citizens reject the nonsense that assistance to the Nicaraguan Government is in the national interest of the United States taxpayer. In fact, they assert, it is the height of folly to send further foreign aid to a government that refuses to return their properties to them or fairly compensate them.

Mr. President, I ask unanimous consent that 20 of these letters be printed in the RECORD at the conclusion of my remarks. The others are available for inspection by anyone desiring to see them.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

JULY 31, 1995.

Hon. JESSE HELMS,  
*Chairman, U.S. Senate Foreign Relations Committee, Washington, DC.*

DEAR SENATOR HELMS: We were appalled to learn of the Waiver to Section 527 of the Department of State Authorization Act exercised by Secretary Warren Christopher.

Progress on the resolution of property claims of U.S. citizens does not justify this waiver, as there are still over one thousand cases after 5 years of the Chamorro Administration.

We urge you to extend our protest to the Department of State.

Sincerely,

PETER R. SENGELMANN.

—  
GLENDALE, CA,  
July 31, 1995.

Senator JESSE HELMS,  
*Senate Foreign Relations Committee.*  
Att: Elizabeth Demoss

DEAR SENATOR HELMS: Our American property that was confiscated illegally by the Nicaraguan government in 1979 has not been returned yet. We have done everything they have asked us to do for the last 16 years, and nothing has happened. Just dilatory tactics and lies, pure lies.

As long as we keep giving them money, the American Properties will not ever be returned. Please DO NOT send them any more money. I work very hard to pay my taxes, please do not give them away.

I beg you.

Sincerely yours,

RENE CARDENAS AND JILMA CARDENAS.

—  
MANAGUA, NICARAGUA,  
August 1, 1995.

Mr. JESSE HELMS,  
*U.S. Senator, Washington, DC.*

DEAR SENATOR HELMS: I have been learning that you are one of the best friends of the American-Nicaraguan Citizens who were expropriated or confiscated by the Sandinista Government.

This petition is sent to you, asking for your continuous effort to intervene before the U.S. Congress, so that the Nicaraguan government activates the due process of all of the U.S. Citizens who are still awaiting for a favorable resolution of our expropriated properties.

I have been claiming since 1990 and doing what I think I have to do to get my property back. At the moment, I could not find the way to get my problem solved.

Once more, I want to let you know how grateful all American citizens are knowing that you and our Republican party are interested in bringing back the justice to Nicaragua and its people, as well. Thank you for your time and hope for success.

Sincerely yours,

LILIANA ARGUELLO DE VARGAS.

—  
MIAMI, FL,  
July 31, 1995.

Hon. JESSE A. HELMS,  
*U.S. Senate, Washington, DC.*

DEAR SENATOR: It is appalling to hear that aid has again been released to the corrupt government of Nicaragua.

My property was stolen from me by the previous Sandinista regime and to date, I have not been able to recover my house. I don't understand how the Clinton administration can continue to send my tax dollars to the thieves that are using what rightfully belongs to me.

I, along with numerous other Americans, feel betrayed by Clinton and his inept people in the Department of State that are contributing to the coverup of the Nicaraguan reality.

CHARLES W. KETTEL.

—  
KEY BISCAYNE, FL,  
August 1, 1995.

Hon. JESSE HELMS,  
*Committee on Foreign Relations, U.S. Senate, Washington, DC.*

DEAR SENATOR HELMS: President Clinton's decision to grant a waiver to Nicaragua demonstrates a blatant betrayal to US citizens like myself who have been struggling for the last 17 years to recuperate properties that were confiscated by the Sandinistas and blatantly stolen by Chamorro's government.

This letter is in total support of any legislation that will enable Congress and not the President to have the authority to grant any future aid to Nicaragua. The Clinton Administration has its own agenda and the protection of rights of American citizens is obviously not a part of it. What President Clinton has forgotten is that he in an elected official placed in such office by our votes. His granting this waiver to Nicaragua denotes his blatant disregard for the safety and wellbeing of US citizens abroad. Such move will not only affect him but his entire Democratic Party as well. Hopefully Congress will wake up and realize we are the voters.

Sincerely,

ANNA SOLORZANO RIVERO.

—  
CARROLLTON, TX,  
August 1, 1995.

Hon. JESSE HELMS,  
*U.S. Senate, Washington, DC.*

Att: Elizabeth deMoss

DEAR SENATOR HELMS: My wife and I are among the many U.S. citizens owning property in Nicaragua which has been expropriated by the ex-Sandinista government. We urge you not to support the Clinton administration's attempt to continue aid to that country until it demonstrates a willingness to return these properties to their lawful owners.

Respectfully,

WILLIAM T. CRISWELL.

—  
MANAGUA,  
August 1, 1995.

Hon. JESSE HELMS,  
*Chairman of the Foreign Relations Committee, Washington, DC.*

DEAR SENATOR HELMS: It is amazing that my Government seems satisfied with the